



March 20, 2017

CHS Inc.
395 164th St.
P.O. Box 894
South Sioux City, NE 68776

Re: Significant Non-Compliance Review

On February 1, 2017 a meeting was held with CHS to discuss continued concerns with pH discharge compliance from the facility. At that time the discharge data from January 2017 was requested and was submitted by CHS for review. A Notice of Violation (NOV) was issued for the data reported as it showed significant non-compliance with controlling discharge pH within permitted limits for January 2017. Following this review additional data was requested for January-December 2016. Data has been reviewed from this submission and the non-compliant events identified are summarized below.

Since that time, CHS has performed an internal investigation into the programming of the pH control system and identified a number of immediate, short term and long term action items. The reported Corrective Action Plan is attached. Most relevant are the following items:

- The control set point for pH has been adjusted from 5.5-10.2 s.u. to 6.0-9.5 s.u.
 - Set points previously were set at permit limit.
- Immediate notification to plant personnel if pH is outside of set point range.
- CHS internal sampling of effluent pH 3x per day.
- Hired a third party engineer, I&S Group to review plant retention capabilities, pH control, and loading balance.

On March 15, 2017 a meeting was held to discuss the data reviewed from October 2016-January 2017. The facility was originally put on notice that the identified instances of non-compliance would be fined \$743,000.00. Based on the corrective actions to date, the submitted action items and review of the reported discharge data, the following is a summary of the fines to be issued for the November and December 2016 data. A \$1,000.00 fine shall be issued for the number of days with pH violations below permit limit, above permit limit and for not reporting instances of violation; each being considered a separately enforceable event:

November 2016			
# Days pH below permit limit	# Days pH above permit limit	Days not reported as non-compliant event	Fine
15	6	16	\$37,000.00

December 2016			
# Days pH below permit limit	# Days pH above permit limit	Days not reported as non-compliant event	Fine
14	11	17	\$42,000.00

Review of the submitted data, by the Assistant City Attorney indicated that enforcement actions by the City of Sioux City for October 2016 and January 2017 were not appropriate since the wastewater discharging from CHS was being collected and treated preliminarily by Big Ox Energy. Enforcement Actions during this timeframe will be referenced to the City of South Sioux and EPA Region 7 for their review and determination if enforcement actions are appropriate.

CHS has expressed interest in the opportunity to discharge wastewater directly to the City of Sioux City WWTP, in the future, if alternative discharge opportunities are necessary to accommodate the waste stream. Due to the nature and concentration of pollutants present in the wastewater, and WWTP inhibitions previously associated, the facility will be required to have an updated Slug Control Plan in place and will be required to have a controlled discharge. Since the facility had previously been under compliance schedule for the implementation of additional pretreatment technology, if the facility were to request discharge to the WWTP immediate order to complete the technological upgrades required.

A total fine of \$79,000.00 shall be issued Friday, March 20, 2017 and will be due in full by April 20, 2017.

I can be reached at 712-279-6987.

Respectfully,



Desiree McCaslen, City of Sioux City
Pretreatment Manager

cc: IDNR Field Office 3
City of South Sioux
EPA Region 7